

## **CALIFORNIA SHOULD LEVERAGE PUBLIC WORKS WITH PRIVATE MONEY**

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San Jose Mercury News

April 28, 2008

By Anna Caballero and Dave Holmes

Californians are reminded daily that the state's population has outgrown its roads, schools and other public facilities. We sit in traffic in Silicon Valley, wishing for a better transit system. Too many of our kids go to school in portables on the playground.

Thirty-seven million of us are overwhelming an infrastructure built for half as many. Bottlenecked highways and overcrowded schools are a drag on the economy. And for commuters and students, they're just a drag.

Voters in November 2006 approved \$42 billion in infrastructure bonds. But the state needs an estimated \$500 billion over the next 20 years. The old ways of financing and constructing public facilities through bonds and taxes just aren't equal to the task.

Fortunately, we're not condemned to a discouraging choice of more taxes or more traffic. As Gov. Arnold Schwarzenegger has recognized, California should be building bridges, roads, rail transit - or schools, libraries and fire stations - the way they are built in many places around the world. Using public-private partnerships, governments join with businesses to finance, design, construct, and sometimes operate and maintain, public facilities. It pays off in lower costs, better design, faster construction and better performance.

Limited public-private partnerships are possible now. In San Jose, Bank of America and Chevron Energy Solutions are financing and installing solar panels on schools. San Jose Unified School District gets a break on its electric bill, while the bank and company make money from the sun.

Other enticing possibilities could employ partnerships on a grander scale: the proposed \$4.7 billion extension of BART to San Jose; the realignment of the treacherous Highway 152 east of Gilroy; or making Caltrain an electric railway.

The governor is right to ask for legislation to boost what he calls "performance-based infrastructure" contracts. The two of us are also working to bring them about. As senior vice

president of high-tech company Ultratech, Dave Holmes is executive champion of the advocacy effort by the Silicon Valley Leadership Group. As an assemblywoman, Anna Caballero, D-Salinas, introduced legislation to clarify and broaden the authority local governmental agencies already have to use such partnerships.

Caballero has also been working on legislation that would require the state to help local agencies evaluate whether a partnership could offer the best value and to help ensure that partnerships protect the public interest.

Her bills have been strongly supported by a broad coalition, including cities, special districts, business organizations, laborers and other construction trade unions.

But public sector unions have formed a coalition to oppose partnership legislation. Their concern is the potential loss of public sector jobs, and that the agreements will fail to protect the public interest.

Caballero's first bill failed to pass, due to this union opposition. Her current bill, AB 2278, attempts to address union concerns, while continuing to provide assistance to local agencies. Assemblyman Roger Niello, R-Sacramento, is carrying AB 2600, which advances the governor's goal to authorize state agencies to use public-private partnerships.

Unfortunately, both bills are likely to face continued opposition, led by the Professional Engineers in California Government.

This is unfair to California's taxpayers. Public workers deserve to be treated fairly and to be paid a competitive wage. But they should not be able to lock up every infrastructure project.

The bills would hardly involve the private sector in every project - at most, 15 percent to 20 percent. The deals can require public or private sector union labor. Partnerships will increase the number of projects, rather than taking jobs away from public workers.

Where public-private partnerships are used widely, they can provide up to 20 percent of new infrastructure, meaning that up to \$100 billion of California's \$500 billion shopping list could be covered by private investment.

Getting more for the same tax dollars. It's a lifeline that the Legislature should grab with gratitude.